

Financial Report

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/10/07

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Franklinton, Louisiana**

June 30, 2006

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MANGEMENT'S DISCUSSION AND ANALYSIS

Washington Council on the Aging, Inc.

The following discussion and analysis of the Washington Council on the Aging, Inc.'s financial performance provides an overview of the Council's financial activities for the year ended June 30, 2006. This document should be read in conjunction with the basic financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Council showed an increase in overall net assets of \$73,876.
- Net capital assets of the Council increased by \$2,636, or 3%.
- The Council's fund revenues decreased by \$26,483, or 3.6%.
- Fund expenditures decreased by \$17,320, or 2.4%.
- The unreserved, undesignated fund balance for the Council's General Fund was \$158,528, at year-end, which is a 107% increase from prior year.
- No deficit fund balances existed at year-end.

HOW TO USE THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 18 and 19) provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. Fund financial statements begin on page 21. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

The auditor has provided assurance in his independent auditor's report, located immediately after this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. The auditor has also provided assurance about the Supplementary Financial Information required by GASB Statement 34 and GOEA that follows later in this reporting package. A user of this document should read the independent auditor's report carefully to ascertain the level of assurance being provided for each part of the financial section of the report.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

REPORTING THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE STATEMENTS

Management's analysis of the Council as a whole begins on page 5. An important point to consider is whether or not the Council's finances, as a whole, are better or worse off as a result of this year's activities. The Statement of Net Assets and the Statement of Activities (referred to collectively as the Government-Wide Financial Statements) report information about the Council as a whole and about its activities in a way that helps when considering this point. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements, found on pages 18 and 19, report the Council's net assets and changes in them. The Council has restricted net assets of \$40,232, which must be used for specific purposes, whereas \$178,745 of its net assets are unrestricted, meaning that they can be used for any program at management's discretion. The Statement of Net Assets is designed to present the financial position of the council as of year-end. Over time, increases or decreases in the Council's net assets are one indicator of whether its financial position is improving or deteriorating. However, to assess the overall financial position of the Council, the reader must consider other non-financial factors, such as the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Activities provides information that shows how the Council's net assets changed as a result of this year's activities. All of the Council's significant activities are reported in the Statement of Activities, including an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of various programs that include supportive social services, nutritional services, non-elderly transportation, family caregiver support, senior citizen activities, disease prevention and health promotion and prescription drug discount cards. Subprogram activities are also presented in some cases to help the reader analyze the Council's operations better. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the service are not required to pay for what they receive. If the Council charged fees with the intention of making a profit or recovering the full cost of providing the service, that activity would be classified as a business-type activity. The Council does not have any business-type activities.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

REPORTING THE COUNCIL'S MOST SIGNIFICANT FUNDS USING FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about the most significant funds, not the Council as a whole entity. In the Fund Financial Statements, the reader will see a General Fund, six Special Revenue Funds that have been determined to be "Major Funds", and a column for the total of all remaining Special Revenue Funds, which are considered to be "Nonmajor Funds." The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Special Revenue Funds account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues.

The General Fund and Special Revenue Funds are considered governmental funds. Governmental funds focus on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future for Council programs. The difference between net assets of governmental activities and fund balances of the governmental funds is reconciled at the bottom of the Balance Sheet for Governmental Funds. In addition, the difference between the change in fund balances for the governmental funds and the change in net assets for the governmental activities has been reconciled on a separate page that follows the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 and should be read before making assumptions or drawing conclusions about the Council's financial condition.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GASB STATEMENT 34

The Governmental Accounting Standards Board (GASB) Statement 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has an adopted annual budget. The schedules compare the original and final budgets to actual budget results for the Council's fiscal year. Positive and negative variances between the final budget and actual amounts are also presented.

Major funds are those funds whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds. In addition, a major fund could be a fund that does not meet these criteria but which is believed to be important to present to the Council's financial statement users. For this fiscal year, management had included the Title IIIC-1 and Title IIIC-2 funds as major funds because of their importance even though these funds did not meet the quantitative criteria for a major fund.

Management's Discussion and Analysis (MD&A) is also required supplementary information (RSI) by GASB Statement 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

OTHER SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present as schedules the information on pages 72 and 73. This information will be used by GOEA to verify the accuracy of information submitted by the Council during the year to help GOEA monitor certain compliance requirements set forth in the grants that it has with the Council.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF THE COUNCIL AS A WHOLE USING GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following amounts reflect condensed information on the Council's assets, liabilities, and net assets:

	<u>2006</u>	<u>2005</u>	<u>Increase (Decrease)</u>
Current and Other Assets:			
Current Assets	\$ 230,225	\$ 159,964	\$ 70,261
Other Assets	7,857	7,742	115
Capital Assets, net of depreciation	<u>87,697</u>	<u>85,061</u>	<u>2,636</u>
Total Assets	<u>325,779</u>	<u>252,767</u>	<u>73,012</u>
Current Liabilities	<u>19,115</u>	<u>19,979</u>	<u>(864)</u>
Total Liabilities	<u>19,115</u>	<u>19,979</u>	<u>(864)</u>
Net Assets:			
Invested in Capital Assets	87,697	85,061	2,636
Restricted	40,222	34,480	5,742
Unrestricted	<u>178,745</u>	<u>113,247</u>	<u>65,498</u>
Total Net Assets	<u>\$ 306,664</u>	<u>\$ 232,788</u>	<u>\$ 73,876</u>

As of June 30, 2006 and 2005, the Council "as a whole" had assets greater than its liabilities of \$306,664 and \$232,788, respectively. About 58% and 49% of the Council's total net assets are unrestricted as of June 30, 2006 and 2005, respectively. Unrestricted net assets are important because they represent resources that management has available to adapt to changes in the economy, emergencies, unexpected needs, and reduction in or termination of grant revenues by government agencies.

The Council's restricted net assets represent about 13% and 15% of the Council's total net assets as of June 30, 2006 and 2005, respectively. Net assets are reported as restricted when the constraints placed upon the assets' use are either (a) externally imposed by a grantor, contributor, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The net assets that have been invested in capital assets are presented net of any related outstanding debt to acquire them. For the year presented, there is not any debt to be subtracted from the capital asset amount. The Council's policy is to acquire capital assets by paying cash and avoiding debt. This policy helps assure management will stay within its financial means so that future revenues will be spent for client services instead of debt service.

Current liabilities include \$ 1,817 and \$10,337 payable to Capital Area Agency on Aging, as of June 30, 2006 and 2005, respectively.

The following table illustrates the revenues and expenses that produced the change in net assets for fiscal years 2006 and 2005.

Revenues	2006	% of Total	2005	% of Total
Program Revenues:				
Charges for services	\$ 91,987	12.11%	\$ 103,185	13.93%
Operating Grants and Contributions	520,947	68.58%	551,876	74.48%
Capital Grants and Contributions	-	0.00%	-	0.00%
General Revenues:				
Unrestricted Grants and Contributions	95,427	12.56%	70,206	9.47%
Other General Revenues	51,223	6.74%	15,718	2.12%
Total Revenues	759,584	100.00%	740,985	100.00%
Direct Program Expenses of the Health, Welfare, and Social Services Function:				
Supportive Services:				
Priority Services:				
Transportation of the elderly	134,516	19.42%	138,102	18.52%
Other supportive services	37,225	5.37%	30,221	4.05%
Transportation Services-non-elderly	284,345	41.05%	293,449	39.36%
Nutrition Services:				
Congregate Meals	34,114	4.92%	54,447	7.30%
Home-delivered Meals	44,129	6.37%	54,643	7.33%
Food bank and vouchers	10,427	1.51%	12,503	1.68%
Fundraiser for Home-delivered meals	-	0.00%	1,112	0.15%
Other Health, Welfare & Social Services	9,763	1.41%	15,614	2.09%
Direct Administrative Expenses	138,189	19.95%	145,406	19.50%
Total Expenses	692,708	100.00%	745,497	100.00%
Excess of expenses over revenues before special items	66,876		(4,512)	
Special item - Gain on sale of vehicles	7,000		0	
Increase (Decrease) in Net Assets	73,876		(4,512)	
Net assets, beginning of year	232,788		237,300	
Net assets, end of year	\$ 306,664		\$ 232,788	

MANGEMENT'S DISCUSSION AND ANALYSIS

Washington Council on the Aging, Inc.

(Continued)

For fiscal year 2006, the Council's total revenues increased \$18,599 or 2.5% from fiscal year 2005, whereas total expenses for 2006 decreased by \$52,789 or 7.0% from 2005. The small increase in the dollar amount and percentage of revenues from 2005 to 2006 is a little misleading on the surface. During the year the Council had a net gain of \$44,774 from the casualty loss it incurred relating to Hurricane Katrina. The net gain means that the Council received more insurance proceeds than the net book values of the related assets that were damaged. Also, the Council received about \$21,000 in donations from entities outside of Louisiana to help the Council as a direct result of Hurricane Katrina. When you disregard the gain from the insurance and casualty loss plus the special donations received from out of state, total revenues actually decreased about \$47,000 or 6% from last year. The net decrease in expenses this year versus last year was due in part to the Council not being able to fully operate for several weeks following Hurricane Katrina. Also, management has tried to run the Council with as few employees as possible to reduce operating costs and offset the decrease in total revenues, not including the gain from the insurance proceeds. Unless new sources of funds are found, or unless the amounts of the grants and contracts are raised, it will be difficult for management to expand current levels of service or start new programs. The increase of \$73,876 in net assets this year also includes a "special item" of \$7,000, which represents an infrequent occurrence that is within management's control. In this case, the special item represents the sale of 2 vehicles in 2006. Overall, the Council had a better year financially in 2006 than it did in 2005. However, without the net gain of \$44,774 from the insurance, the one time donations of \$21,000, and the \$7,000 special item, the increase for the year is not as large as it initially appears.

AN ANALYSIS OF GOVERNMENTAL ACTIVITIES

When reviewing the Government-Wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's largest activities are transportation and nutrition services. The Council's main focus is to meet the needs of the elderly citizens of Washington Parish and to provide transportation for Parish residents. There is a high demand for these services; therefore, resources are channeled to meet the demand.

Another indication of how money is used efficiently can be analyzed by comparing the amount of administration costs from year to year as well as calculating the percentage administration expenses bears in relation to total expenses. For 2006, total administration expenses were \$138,189, or 20% of total expenses, whereas these same expenses were \$145,406 or 19.5% of total expenses in 2005.

Note that most of the governmental activities have more expenses than revenues. This is expected

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

and budgets are prepared accordingly. Traditionally, general revenues are used to cover the excess of expenses over revenues in these activities. There are, however, several governmental activities that do have revenues in excess of expenditures. These are discussed below.

The Council's grants from Capital Area Agency on Aging (CAAA) are paid based on a contract amount per unit of service provided, up to a maximum number of units, for specified program activities. The Council was able to provide the required units of Telephoning, Congregate Meals, Home Delivered Meals, Disease Prevention & Health Promotion, and Family Caregiver services at a cost that was less than their contracted reimbursement amounts. The net revenues in these programs were used to help offset the net expenses in other programs.

Utility assistance, which is also shown as a Supportive Service on the Statement of Activities, is funded primarily by contributions made through various utility companies. These contributions can only be used to pay for utility bills for certain needy people who meet the guidelines to receive assistance. In a given year, the amount of contributions received in this program may exceed the demand from qualified recipients. This was the case in 2006. Net revenues from these contributions can only be used to provide utility assistance in future years.

The Prescription Drug Discount Card program was started last year when the Council received a \$15,000 grant from Ogilvy Public Relations Worldwide, Inc. However, the Council did not spend all of the grant funds last year and carried over the unused money (\$5,056) to 2006. In addition, the Council received \$5,306 from Capital Area Agency to supplement this program in 2006. Expenses were not as large as revenues in 2006, so the Council will have \$6,063 to carry over and use in the next year.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund Balances

The Council showed a combined governmental fund balance of \$205,726 (as shown on the Fund Financial Statement's Balance Sheet) at the end of this year, which is an increase of \$70,757 over the prior year. The General Fund increased by \$65,223 this year, and the combined fund balances of the Special Revenue Funds increased by \$5,534.

The primary reasons for the increase in the General Fund balance in 2006 can be attributed to an unexpected windfall of \$53,000 from insurance proceeds that were received for damages caused by Hurricane Katrina and \$21,000 of donations from outside of Louisiana from entities trying to provide financial assistance to the Council in its time of need.

Revenues

The combined fund revenues decreased \$26,483 this year versus last year, as shown in the table below.

	FY 06	FY 05	<u>Increase/ (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Intergovernmental	\$ 499,077	\$ 554,313	\$ (55,236)	-9.96%
Public Support	77,805	73,377	4,428	6.03%
Program Service Fees	130,600	97,485	33,115	33.97%
Interest Income	302	196	106	54.08%
Miscellaneous	7,102	15,998	(8,896)	-55.61%
Total Revenues	<u>\$ 714,886</u>	<u>\$ 741,369</u>	<u>\$ (26,483)</u>	<u>-3.57%</u>

Most of the Council's activities are funded by federal, state, and local grants. These grants, which comprise the Council's intergovernmental revenues, amounted to approximately 70% and 75% of the Council's total revenues in 2006 and 2005, respectively. Most of these grants are restricted, which means the money can only be used in certain programs. The amount of annual funding from the grants the Council receives remains rather constant from year to year; however, some grant amounts may change based upon the level of service provided by the Council under the terms of the particular grant award.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
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The \$55,236 decrease in intergovernmental revenue in 2006 was because the Council received \$72,898 less from its Section 5311 grant and \$20,374 more from its JARC grant versus 2005. The decrease in the Section 5311 grant was due to the Council shifting its emphasis from general public transportation to emergency transportation. The Louisiana Department of Transportation and Development (DOTD) received funding for emergency transportation and made these funds available to the Council in the wake of Hurricane Katrina. DOTD promoted the emergency transportation program and as a result the Council began reporting its services under this program, which resulted in much less reimbursement under the Section 5311 program. In other words, the Council had to pick between the two funding sources and it opted for the emergency transportation funding while it was available. When that program's funds runs out, management will switch back to reporting costs under Section 5311 and those grant revenues will rise back to previous levels. The revenue earned under Section 5311 is recorded as intergovernmental revenue because the Council is considered a subrecipient whereas the Council reports funds earned under the emergency transportation funding as program service revenues because the Council is considered to be a vendor of the state.

The Council also receives public support in the form of restricted and unrestricted donations from its clients and the general public. The Council also holds fundraisers to generate public support. Public support allows the Council to maintain and expand services. Public support revenues represented 11% and 10% of the Council's total revenues for fiscal years 2006 and 2005, respectively. In 2006, the Council held a Save Senior Services fundraiser that generated \$7,700 of gross unrestricted public support. The cost to hold this fundraiser was less than \$100. In 2005, the Council held a "March for Meals" program, which generated \$8,714 of net restricted public support. Other public support comes from donations from the general public, client contributions, and the United Way.

Program service fees were 18% and 13% of the Council's total revenues for 2006 and 2005, respectively. As explained earlier, program service fees increased because the Council opted to report transportation costs for certain riders under DOTD's emergency transportation program rather than under DOTD's Section 5311 program. This shift produced \$78,490 of program service fees that did not exist last year. On the other hand, the riders under the Office of Family Support's STEP program declined significantly in 2006. As a result, revenues declined under this local transportation program by \$43,867 in 2006. These two items account for most of the net increase in revenues in this category.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

Expenditures

Total expenditures decreased by \$17,320 this year, as shown in the table below.

	FY 06	FY 05	Increase/ (Decrease)	
			Amount	Percent
Personnel	\$ 401,188	\$ 421,915	\$ (20,727)	-4.91%
Fringe	56,462	69,364	(12,902)	-18.60%
Travel	4,109	6,962	(2,853)	-40.98%
Operating Services	86,851	96,131	(9,280)	-9.65%
Operating Supplies	65,523	61,449	4,074	6.63%
Other Costs	32,403	34,592	(2,189)	-6.33%
Meals	17,996	24,444	(6,448)	-26.38%
Utility Assistance	9,399	6,592	2,807	42.58%
Capital Outlay	23,663	0	23,663	N/A
Intergovernmental	6,535	0	6,535	N/A
	<u>\$ 704,129</u>	<u>\$ 721,449</u>	<u>\$ (17,320)</u>	<u>-2.40%</u>

The decrease in personnel costs is primarily due to attrition. Fringe costs decreased this year primarily due to a decrease in workman's compensation premiums and payroll taxes associated with having fewer employees. The decrease in travel costs is a result of employees not traveling as much due to the hurricane. The decrease in operating service expenditures is primarily attributable to decreases in insurance premiums. Management shopped around this year and was able to obtain adequate insurance coverage for less cost. Operating supplies showed an increase in 2006 primarily due to rising gasoline costs. Other costs decreased in 2006 primarily because the Council did not have to continue to pay rent for the Bogalusa Senior Center any more. Meal costs decreased because the Council was not billed as much by Capital Area Agency on Aging for serving extra home delivered meals in 2006 as it was billed in 2005. Utility assistance expenditures rose in 2006 because the Council was able to increase the size of the normal benefit per person per year. Capital outlay expenditures represent restoration expenditures that were necessary because of damages inflicted by the hurricane to the main office in Franklinton. However, the Council received ample insurance proceeds to cover these expenditures. Intergovernmental expenditures occurred in 2006 because the Council had to pay the matching funds for the Town of Franklinton to acquire a vehicle for the Council's use. This type of intergovernmental expenditure does not occur each year.

AN ANALYSIS OF THE GENERAL FUND BUDGET

Over the course of this past fiscal year, the budget was amended one time. The amendment was approved at a Board of Directors meeting on January 26, 2006. The amendment effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the budget are to account for unanticipated changes in both revenues and expenditures and to prevent compliance violations under the Council's grants from GOEA and Capital Area Agency.

A schedule presenting the original and amended budgets for the General Fund can be found in the Supplementary Financial Information Required by GASB Statement 34 section of this report on page 62. When reviewing the budget versus actual schedule, the reader will note that, even though some of the variances are rather large, the net favorable variance is \$33,095. Some of the reasons for the overall favorable variance are: (1) nothing was budgeted for the sale of vehicles but the Council sold 2 vehicles in 2006 for a total of \$7,000, (2) the proceeds from the insurance company were budgeted to be \$36,531 but the actual amount received was \$53,000, and (3) the Council received about \$13,000 of unexpected public support from an out of state entity after the budget had been amended. Differences in the transfer amounts reflect variances in the budgets of the other funds that have created larger than expected deficits that had to be cleared out by the end of the fiscal year by using General Fund money.

AN ANALYSIS OF CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the Council had \$87,697, in capital assets net of accumulated depreciation. This amount is a net increase over last year of \$2,636, which is made up of additions of \$23,663 less the current year depreciation expense of \$12,801 and the net book value of an asset deletion of \$8,226.

Capital Assets, Net of Depreciation

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase (Decrease)</u>
Vehicles	\$ 8,004	\$ 16,007	\$ (8,003)
Equipment	2,626	2,044	582
Building and Improvements	68,067	58,010	10,057
Land	9,000	9,000	0
	<u>\$ 87,697</u>	<u>\$ 85,061</u>	<u>\$ 2,636</u>

The only capital assets additions during the year were for roof and ceiling repairs (\$21,652) and flooring & carpet (\$2,011) at the main office in Franklinton. These additions were required to restore this office back to normal operating condition because of the damages caused by Hurricane Katrina. The Council received insurance money to pay for the repairs.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

The asset deleted with a net book value of \$8,226 represents the undepreciated cost of previous renovations to the Franklinton office. The previous renovations included a new roof and ceiling many years ago. The damage caused by the hurricane rendered a portion of the renovations obsolete and management estimated the net book value to be \$8,226.

Also, two vehicles were sold during FY 2006 for \$7,000. These vehicles were titled to the Town of Franklinton but the Council got to keep the proceeds per the agreement the Council has with the Town.

The Council had three vans titled in its name at the end of the fiscal year. The Council also had the use of eight additional vans for which the Council paid the grant match but which are titled to the Town of Franklinton, the governmental agency that received the federal grant. There is a ninth van owned by the Town that the Council gets to use but the local match was not paid for by the Council. These nine vans are not included in the capital assets of the Council.

As of June 30, 2006, there are no outstanding purchase commitments to acquire any capital assets in FY 2007. The Council has no long-term debt related to its capital assets and does not like to incur any as a matter of policy.

More detailed information can be found about the Council's capital assets in Notes 1 and 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Council receives most of its funding from federal and state agencies. Because of this, the source of income for the Council is rather steady. However, some of the Council's grants and contracts are contingent upon the level of services provided by the Council, and therefore, revenues may vary from year to year. In setting its budget for fiscal year 2007, it was important to management that at least the same level of service be delivered to clients and the public as were provided in FY2006. All the Council's grants and contracts from the usual federal and state agencies have been approved for FY 2007. There have been no significant changes to the funding levels or terms of the grants and contracts. Accordingly, the initial budget has been set to provide the same programs and levels of service next year. CAAA has also approved the Council's budget for next year.

The Council has budgeted revenues of \$702,037 and expenditures of the same amount for FY 2007.

MANGEMENT'S DISCUSSION AND ANALYSIS
Washington Council on the Aging, Inc.
(Continued)

CONTACTING THE COUNCIL'S MANAGEMENT

Our financial report is designed to provide government agencies and the general public an overview of the Council's finances and to demonstrate accountability for the money that it receives. If you have any questions about this report or wish to ask for more information, you should contact Nancy McBeth, Executive Director at 1025 Dobson Street, Franklinton, Louisiana, 70438 or by phone at (985) 839-4535.

NEIL G. FERRARI

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 8, 2006, on my consideration of the Council's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over

financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Management's Discussion and Analysis on pages 1 through 14 and budgetary comparison schedules on pages 62 through 68 are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs. None of the required supplementary financial information is required to be a part of the Council's basic financial statements. However, all of this supplementary information has been subjected to the auditing procedures I applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baton Rouge, Louisiana,
November 8, 2006.

Neil Ferrari, CPA
Neil G. Ferrari, CPA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT A

STATEMENT OF NET ASSETS
Washington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash	\$ 92,989
Receivables:	
La. Department of Transportation & Development (DOTD)	78,490
Capital Area Agency on Aging	27,759
Office of Family Support	1,350
Town of Franklinton	15,950
Other Entities	1,327
Prepaid expenses	<u>12,360</u>
Total current assets	230,225
Capital assets, net of accumulated depreciation	87,697
Other Asset - Prepaid expense for vehicle usage	<u>7,857</u>
Total Assets	<u>325,779</u>
LIABILITIES	
Current Liabilities:	
Accounts payable to CAAA	1,817
Accounts payable to various vendors	8,752
Accrued payroll taxes	278
Insurance premiums withheld from payroll	406
Deferred revenue - EFSP	<u>7,862</u>
Total current liabilities	<u>19,115</u>
NET ASSETS	
Invested in Capital Assets	87,697
Restricted for:	
Utility Assistance	11,058
Nutrition Services - Home-delivered Meals	20,891
Nutrition Services - Congregate Meals	2,002
Fans	208
Prescription Drug Discount Card Enrollment	6,063
Unrestricted	<u>178,745</u>
Total Net Assets	<u>\$ 306,664</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT B

STATEMENT OF ACTIVITIES

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006

Functions/Programs	Program Revenues					Net (Expense) Revenue and Increase (Decrease) in Net Assets
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities						
Health, Welfare & Social Services:						
Supportive Services:						
Transportation of the elderly	\$ 134,516	\$ 35,815	\$ 0	\$ 149,630	\$ 0	\$ (20,701)
Homemaker	19,174	5,258	0	16,738	0	(7,694)
Information and Assistance	3,082	844	0	1,882	0	(2,044)
Outreach	2,787	763	0	780	0	(2,770)
Recreation	640	176	0	0	0	(816)
Telephoning	919	251	0	1,870	0	700
Utility Assistance	10,623	336	0	12,084	0	1,125
Transportation Services - non elderly:						
Job Access	103,752	27,578	0	115,975	0	(15,355)
General Public	180,593	47,514	91,987	77,478	0	(58,642)
Nutrition Services:						
Congregate Meals	34,114	9,356	0	60,660	0	17,190
Home Delivered Meals	44,129	9,671	0	62,258	0	8,458
Food bank & vouchers	10,427	0	0	10,427	0	0
Disease Prevention and Health Promotion	1,733	475	0	3,497	0	1,289
Family Caregiver Support	556	152	0	1,200	0	492
Prescription Drug Discount Cards	4,299	0	0	5,306	0	1,007
Senior Citizen Activities	1,568	0	0	1,162	0	(406)
Finance Charges	1,607	0	0	0	0	(1,607)
Administration	138,189	(138,189)	0	0	0	0
Total governmental activities	\$ 692,708	\$ 0	\$ 91,987	\$ 520,947	\$ 0	\$ (79,774)
General Revenues:						
Grants and contributions not restricted to specific programs					95,427	
Interest income					302	
Facility rental					5,991	
Net gain from insurance recovery relating to casualty loss					44,774	
Miscellaneous					156	
Total general revenues						146,650
Special Item - gain on sale of vehicles						7,000
Total General Revenues and Special item						153,650
Increase (Decrease) in net assets						73,876
Net assets - beginning of the year						232,788
Net assets - end of the year						\$ 306,664

The accompanying notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EXHIBIT C

FUND BALANCE SHEET
GOVERNMENTAL FUNDSWashington Council on the Aging, Inc.
Franklinton, Louisiana
June 30, 2006

	General Fund	Title III B	Title III C-1	Title III C-2	Section 5311	JARC	EFSP	Non-Major Funds	Total Governmental Funds
ASSETS									
Cash	\$ 68,720	\$ 0	\$ 2,002	\$ 798	\$ 0	\$ 0	\$ 9,650	\$ 11,819	\$ 92,989
Receivables:									
Capital Area Agency on Aging	0	7,936	8,475	5,900	0	0	0	5,448	27,759
DOTD	39,878	38,612	0	0	0	0	0	0	78,490
Office of Family Support	1,350	0	0	0	0	0	0	0	1,350
Town of Franklinton	0	0	0	0	2,461	13,489	0	0	15,950
Other Entities	1,327	0	0	0	0	0	0	0	1,327
Prepaid expenditures	6,976	0	0	0	0	0	0	0	6,976
Due from other governmental funds	71,763	0	0	0	0	0	0	0	71,763
Total Assets	\$ 190,014	\$ 46,548	\$ 10,477	\$ 6,698	\$ 2,461	\$ 13,489	\$ 9,650	\$ 17,267	\$ 296,604
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable to CAAA	0	0	29	0	0	0	1,788	0	1,817
Accounts payable to various vendors	3,525	2,829	506	265	0	1,610	0	17	8,752
Accrued payroll taxes	278	0	0	0	0	0	0	0	278
Insurance premiums withheld from payroll	406	0	0	0	0	0	0	0	406
Deferred revenue - EFSP	0	0	0	0	0	0	7,862	0	7,862
Due to other governmental funds	0	43,719	7,940	5,635	2,461	11,879	0	129	71,763
Total Liabilities	4,209	46,548	8,475	5,900	2,461	13,489	9,650	146	90,878
Fund Balances									
Reserved, reported in:									
General Fund:									
Prepaid expenditures	6,976	0	0	0	0	0	0	0	6,976
Home-delivered meals	20,093	0	0	0	0	0	0	0	20,093
Fees	208	0	0	0	0	0	0	0	208
Unreserved/Undesignated, reported in:									
General Fund	158,528	0	0	0	0	0	0	0	158,528
Special Revenue Funds	0	0	2,002	798	0	0	0	17,121	19,921
Total Fund Balances	185,805	0	2,002	798	0	0	0	17,121	205,726
Total Liabilities and Fund Balances	\$ 190,014	\$ 46,548	\$ 10,477	\$ 6,698	\$ 2,461	\$ 13,489	\$ 9,650	\$ 17,267	
Amounts reported for governmental activities in the statement of net assets are different because:									
- Prepaid expenses relating to vehicle usage are not financial resources and therefore are not reported as assets in the governmental funds									13,241
- Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds									87,697
Net Assets of Governmental Activities									\$ 306,664

The accompanying notes to the basic financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Washington Council on the Aging, Inc.
 Franklinton, Louisiana
 For the year ended June 30, 2006

	General	Title III	Title III	Title III	Section				Nonmajor	Total
	Fund	B	C-1	C-2	5311	JARC	EFSP	Funds	Governmental	Funds
REVENUES										
Intergovernmental:										
Capital Area Agency on Aging (CAAA)	\$ 0	\$ 81,775	\$ 40,207	\$ 48,307	\$ 0	\$ 0	\$ 0	\$ 10,003	\$	180,292
CAAA - Special Disaster Funds	0	280	225	0	0	0	0	0		505
Governor's Office of Elderly Affairs	21,048	0	0	0	0	0	0	35,967		57,015
United Way of America	0	0	0	0	0	0	18,616	0		18,616
Town of Franklinton	0	0	0	0	122,174	115,975	0	0		238,149
City of Bogalusa	300	0	0	0	0	0	0	0		300
Washington Parish Council	4,200	0	0	0	0	0	0	0		4,200
Public Support (Restricted):										
Client contributions	0	1,995	20,228	5,937	0	0	0	0		28,160
Various utility companies	0	0	0	0	0	0	0	10,951		10,951
Other donors	208	0	0	0	0	0	0	0		208
Public Support (Unrestricted):										
United Way	7,286	0	0	0	0	0	0	0		7,286
Save Senior Services fundraiser	7,700	0	0	0	0	0	0	0		7,700
Other general public donations	23,500	0	0	0	0	0	0	0		23,500
Program Service Fees (charges for services):										
Transportation:										
DOTD	39,878	38,612	0	0	0	0	0	0		78,490
Office of Family Support	36,002	0	0	0	0	0	0	0		36,002
Public Fares	9,037	0	0	0	0	0	0	0		9,037
Other Entities	7,071	0	0	0	0	0	0	0		7,071
Interest Income	302	0	0	0	0	0	0	0		302
Miscellaneous:										
Rental of facilities	5,991	0	0	0	0	0	0	0		5,991
Miscellaneous	1,111	0	0	0	0	0	0	0		1,111
Total revenues	163,634	122,662	60,660	54,244	122,174	115,975	18,616	56,921		714,886
EXPENDITURES										
Health, Welfare, & Social Services:										
Current:										
Personnel	130,642	120,920	31,753	27,306	0	84,155	0	6,412		401,188
Fringe	18,620	18,900	3,619	4,063	0	10,833	0	427		56,462
Travel	433	2,767	436	236	0	232	0	5		4,109
Operating Services	31,915	29,602	3,456	5,706	0	16,017	62	93		86,851
Operating Supplies	28,434	18,897	1,553	5,763	0	10,281	443	152		65,523
Other Costs	10,239	4,136	1,219	385	0	2,397	0	14,027		32,403
Meals	0	0	0	0	0	0	17,996	0		17,996
Utility Assistance	0	0	0	0	0	0	175	9,224		9,399
Capital Outlay	23,663	0	0	0	0	0	0	0		23,663
Intergovernmental	6,535	0	0	0	0	0	0	0		6,535
Total expenditures	250,481	195,222	42,036	43,459	0	123,915	18,676	30,340		704,129
Excess of revenues over (under) expenditures	(86,847)	(72,560)	18,624	10,785	122,174	(7,940)	(60)	26,581		10,757
OTHER FINANCING SOURCES (USES)										
Insurance proceeds from casualty loss	53,000	0	0	0	0	0	0	0		53,000
Proceeds from sale of vehicles	7,000	0	0	0	0	0	0	0		7,000
Operating transfers in	135,114	106,104	0	0	0	7,940	60	14,103		263,321
Operating transfers out	(43,044)	(33,544)	(16,622)	(9,987)	(122,174)	0	0	(37,950)		(263,321)
Net increase (decrease) in fund balances	65,223	0	2,002	798	0	0	0	2,734		70,757
FUND BALANCE (DEFICIT)										
Beginning of year	120,582	0	0	0	0	0	0	14,387		134,969
End of year	\$ 185,805	\$ 0	\$ 2,002	\$ 798	\$ 0	\$ 0	\$ 0	\$ 17,121		\$ 205,726

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT E**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental
Funds to the Statement of Activities****Washington Council on the Aging, Inc.
Franklinton, Louisiana****For the year ended June 30, 2006**

Net Increase (Decrease) in Fund Balances - Total Governmental Funds \$ 70,757

Governmental funds report the amounts the Council expends as local "matching" funds on capital assistance grants, which result in another government obtaining title to the capital assets acquired under the grants, as intergovernmental expenditures. However, because the Council gets to use the capital assets in lieu of having paid the required local match, the Council records the amounts it paid in the Statement of Net Assets as a prepaid expense, which will be amortized over the estimated useful lives of the capital assets. This reconciling amount represents the amount by which the intergovernmental expenditures (\$6,535) exceeded amortization expense (\$6,052) this year.

483

When capital assets are sold, written-off, or disposed of, there could be a gain or loss on the disposition, which is included within the Statement of Activities. However, governmental funds do not present gains or losses on the disposition of capital assets because they do not represent inflows or outflows of financial resources. This reconciling item represents the loss that occurred on the disposition of capital assets damaged by Hurricane Katrina during the year.

(8,226)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$23,663) exceeds depreciation (\$12,801) in this year.

10,862

Increase (Decrease) of Net Assets of Governmental Activities \$ 73,876

The accompanying notes to the basic financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS**Washington Council on the Aging, Inc.****Franklinton, Louisiana****June 30, 2006****Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Washington Council on the Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in Washington Parish; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), Capital Area Agency on Aging- District II, Inc. (CAAA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

a. Purpose of the Council on Aging - (Continued)

Specific services provided by the Council to the elderly residents of Washington Parish include providing congregate and home delivered meals, information and assistance, outreach, utility assistance, homemaker services, recreation, telephoning, material aid, disease prevention & health promotion, enrollment and education about prescription drug cards, and family caregiver support. The Council also provides various types of transportation services to the general public of the Washington Parish, with a special emphasis being placed on transporting the elderly and those persons requiring job access and job training.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456 authorizing the charter of a voluntary council on aging for the welfare of the aging people in each parish of Louisiana. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (GOEA) (La. R.S. 46:931) with the specific intention that GOEA administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Before a council on aging can begin operations in a specific parish, its application for a charter must receive approval from GOEA pursuant to Louisiana Revised Statute (La. R.S.) 46:1602. Each council on aging in Louisiana must comply with the state laws that apply to quasi-public agencies as well as the policies and regulations established by GOEA.

The Washington Council on the Aging, Inc. (the Council) is a legally separate, non-profit, quasi-public corporation. The Council received its charter from the Governor of the State of Louisiana on October 5, 1971 and subsequently incorporated on December 15, 1972 under the provisions of Title 12, Chapter 2 of the Louisiana Revised Statutes.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

b. Reporting Entity - (Continued)

A board of directors, consisting of 15 voluntary members, who serve three-year terms, governs the Council. The board of directors is comprised of, but not limited to, representatives of the Parish's elderly population, general public, private businesses, and elected public officials. Board members are elected in the following manner:

- Eleven members, who are at least 60 years old, shall be elected by the membership to represent seven different communities of Washington Parish.
- The Washington Parish Council and various public agencies, which serve the elderly, shall appoint four members.

The Washington Parish Council does not appoint a voting majority of the Council on Aging's board and the Parish Council does not intend to impose its will to affect the operations of the Council on Aging. Further, the Washington Parish Council does not provide any specific financial benefits and does not assume any specific financial burdens of the Council on Aging. As a result, the Council on Aging is not a component unit of the Washington Parish Council.

Membership in the Council is open at all times, without restriction, to all residents of Washington Parish who have reached the age of 60 and who express an interest in the Council and wish to contribute to or share in its programs. Associate memberships shall be granted to those persons who have not yet reached the age of 60 but serve on committees of the Council. Membership fees are not charged.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

b. Reporting Entity - (Continued)

Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units that are related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special-purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which purpose are to report individual major governmental funds and combined nonmajor governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Governmental activities generally are supported by intergovernmental revenues.

In the government-wide Statement of Net Assets only one column of numbers has been presented. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues like intergovernmental revenues, and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Council did not receive any capital-specific grants this year.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas, the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-87. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses."

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services that are provided by a specific function or program to people or other entities. Contributions, grants, interest income, and miscellaneous revenues that are not properly included among program revenues are reported instead as general revenues in this statement. Special items, if any, are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence and are separately reported below general revenues.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds and account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. In addition, management may also choose to report any other governmental fund as a major fund if it believes the fund is particularly important to financial statement users. For this year's fund financial statements, management chose to report the Title III C-1 and Title III C-2 funds as major funds. The nonmajor funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The following is a description of the governmental funds of the Council:

The General Fund is the general operating fund of the Council and is used to account for all financial resources except those required to be accounted for in another fund.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

c. Basis of Presentation of the Basic Financial Statements - (Continued)

The following is a brief description of the programs that comprise the Council's General Fund:

Local

The Council receives revenues that are not required to be accounted for in a specific program or fund. Accordingly, these revenues have been recorded in the local program of the General Fund. These funds are mostly unrestricted, which means they may be used at the Council's discretion. Expenditures to acquire fixed assets, and expenditures for costs not allowed by another program due to budget limitations or the nature of the expenditures, are charged to the local program. Because of their unrestricted nature, local funds are often transferred to other programs to eliminate deficits in cases where the expenditures of the other programs exceeded their revenues.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs. The Council may use these "Act 735" funds at its discretion provided the program is benefiting people who are at least 60 years old. In fiscal year 2006, the Council transferred its PCOA funds to the Title III B fund to pay for program expenditures that exceeded the grant reimbursements from CAAA for that program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Fundraiser

The Council held one fundraiser during the year for the purpose of raising additional operating funds to support all programs and to promote community awareness about the needs of the elderly population within Washington Parish. The primary fundraiser was called "Save Senior Services" and consisted of a mail out campaign to local businesses. The Council "netted" \$7,626 from this event. The gross proceeds from the fundraiser were \$7,700 and the related direct costs were \$74.

Local Transportation

The Council provides a variety of transportation services to the residents of Washington Parish who are not elderly (under 60 years old) for a fee. Transportation services provided to residents who are elderly (at least 60 years old) are accounted for in the transportation program of the Title III B Fund and those related to job access (irrespective of age) are accounted for in the JARC Fund. All other transportation services are accounted for in the "Local Transportation" program of the General Fund. Most of the people who receive transportation services in this program are under 60 years old and do not qualify for free transportation services under one of the Council's grant programs.

During the fiscal year, the primary transportation services provided under this program consisted of the following:

- The Council participates in a contract with the Louisiana Department of Social Services' (DSS) Office of Family Support (OFS). This program provides transportation services to people who are participants in the STEP program. In FY 2006 the Council provided 1,464 trips under this contract, which generated \$36,002 of program service fees.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

- The Council will also transport people under age 60 who pay cash fare for the service. Passengers are charged a fee per one-way trip based on the distance of the trip. There were about 3,360 "cash fare" trips in FY 2006, which generated \$9,037 of program service fees.
- As a result of Hurricane Katrina, the Council entered into a contract with the Louisiana Department of Transportation and Development (DOTD) to provide emergency transportation services to the people of Washington Parish. The service was available to all persons regardless of age or income. The Council is being reimbursed at the rate of \$10.96 per trip. During the fiscal year the Council provided 3,638 trips to non-elderly people and generated \$39,878 of program service fees, which have been accounted for in this program of the General Fund. The Council also provided 3,523 trips to elderly persons under this contract and generated \$38,612 of program service fees, which have been accounted for within the Title III B Fund because the trips involved elderly people.
- The Council also provided transportation services to Youthbuild LTI, the Regina Coeli Center, Resthaven Nursing Home, and the Washington Parish School Board. The services it provided these entities generated \$7,071 of program service fees.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council has established several special revenue funds. The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or nonmajor governmental fund:

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Major Governmental Funds:

Title III B Fund

The Title III B Fund is used to account for funds that are used to provide various units of supportive social services to the elderly. GOEA has established the criteria for a qualifying unit of service for each Title III program. Specific supportive services, along with the number of units provided during the fiscal year, are as follows:

	<u>Units</u>
Information and Assistance	699
Outreach	461
Homemaker	1,150
Telephoning	2,890
Transportation for people age 60 or older	8,335
Recreation	1,876
Utility assistance	56

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to people age 60 or older in strategically located centers throughout Washington Parish. The Council maintains meal-sites in Franklinton, Pine, and Bogalusa. During the year the Council provided 25,762 meals to people eligible to participate in this program. The Council also provided 106 units of nutrition education under this program.

Title III C-2 Fund

The Title III C-2 Fund is used to account for funds that are used to provide nutritional meals to homebound people who are age 60 or older. During the year the Council provided 40,123 home-delivered meals. The Council also provided 158 units of nutrition education under this program.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Section 5311 Fund

The Section 5311 Fund was established to account for funds under the U.S. Department of Transportation's Public Transportation for Nonurbanized Areas - Section 5311 Program. The Louisiana Department of Transportation and Development (DOTD) receives these funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. Funds earned and received by the Council are based on actual operating costs of providing transportation services to rural residents within Washington Parish. Section 5311 funds are used as operating transfers to help pay for costs incurred in providing transportation services under the Council's various transportation programs.

JARC Fund

The JARC Fund was established to account for funds relating to the Job Access-Reverse Commute (JARC) program established by the Federal Transit Administration's Department of Transportation. The purpose of the JARC program is to improve "job access" by developing and financing transportation services to connect welfare recipients and low-income persons to employment and support services. The other component of JARC is "reverse commute." The Council does not provide any "reverse commute" services because Washington Parish is considered 100% rural. The Louisiana Department of Transportation and Development (DOTD) receives the JARC funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

c. Basis of Presentation of the Basic Financial Statements - (Continued)

JARC Fund - (Continued)

The Council earns JARC funds based on actual operating costs. In addition, the JARC program limits the amount of cost reimbursement to 50% of the actual costs incurred to provide the program services. Accordingly, the Council obtained a Temporary Assistance for Needy Families (TANF) grant. Some of the objectives of the TANF grant are consistent with the objectives of the JARC grant. Accordingly, the Council was able to use the TANF funds as the required matching funds to obtain the JARC grant. The Louisiana Department of Social Services (DSS)- Office of Family Support (OFS) receives the TANF funds for the State of Louisiana and passes them through to the Council via the Town of Franklinton. TANF funds are also earned by the Council based on actual operating costs incurred.

The TANF program was established by the U.S. Department of Health and Human Services' Administration for Children and Families to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; to prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and to encourage the formation and maintenance of two-parent families.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

EFSP Fund

The EFSP Fund is used to account for the administration of the Emergency Food and Shelter National Board Program (EFSP), the purpose of which is to supplement food and shelter assistance to individuals who might currently be receiving assistance, as well as to assist those who are not receiving any. Funds are provided by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) to the United Way of America, which in turn "passes through" the funds to the Council. A local board working with Washington Parish's local United Way agency assists the Council in obtaining EFSP funds. During the fiscal year, \$7,569 of EFSP funds were used to supplement the home delivered meals program by providing approximately 2,500 additional meals. Utility assistance of \$175 was provided to 1 person; food vouchers totaling \$510 were distributed to 10 people to help them buy food; and \$9,917 was donated to the Bogalusa Help Center to provide shelf stable meals for the community's food bank.

Nonmajor Governmental Funds:

Title III D Fund

The Title III D Fund is used to account for funds used for disease prevention and health promotion (wellness) activities. During the year the Council provided 3,036 units of wellness service and 125 units of medication management to eligible participants.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Title III E Fund

The Title III E Fund accounts for funds relating to the National Family Caregiver Support program. The National Family Caregiver Support program provides multifaceted systems of support services for family caregivers and for grandparents or older individuals who are relative caregivers. This program targets older, low-income individuals. Specific types of services that can be provided by this program include: Adult Day Care, Adult Health Care, Material Aid, Case Management, Personal Care, Counseling, Support Groups, Respite Care, Sitter Service, Information, and Assistance.

Eligible participants include (1) adult family members, or another adult person, who provides uncompensated in-home and community care to an older person who needs supportive services or (2) grandparents, or a person 60 years of age or older, who is related to a child by blood or marriage and (1) lives with the child, (2) is the primary caregiver, and (3) has a legal relationship to the child or is raising the child informally. During the year, the Council provided 9 units of information and assistance under this program.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to GOEA, which in turn "passes through" the funds to the Council. The purpose of this program is to provide community service centers at which elderly people can receive supportive social services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council maintains three senior centers in Washington Parish. Senior Center funds can be used at management's discretion to support any of the Council's programs, which benefit the elderly. Accordingly, during the year, management transferred \$32,043 and \$99 of the Senior Center funds to the Title III B Fund and the Title III D Fund, respectively, to subsidize those funds' cost of providing transportation services, wellness services, and medication management services to elderly persons.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Supplemental Senior Center Fund

The Louisiana Legislature appropriated additional money for various councils on aging throughout the state to be used to supplement the primary state grant for senior centers. The Council was one of the parish councils to receive a supplemental grant of \$3,825. The Governor's Office of Elderly Affairs provided these funds to the Council. The money received by this fund during the year was transferred, \$3,817 to the Title III B Fund, and \$8 to the Title III E Fund to offset the cost of providing to the elderly in those funds.

Audit Fund

The Audit Fund is used to account for funds that are to be used as a subsidy to pay for the cost of having an annual audit of the Council's financial statements. The full cost of the audit is charged to this fund. The audit costs that exceed the subsidy are paid for with a transfer of Local program funds. GOEA provides audit supplement funds to the Council via the CAAA. However, the Council did not receive any audit subsidy funds from GOEA or CAAA in FY 2006, so the full cost of the audit had to be paid for with local funds.

Utility Assistance Fund

This fund is used to account for the administration of the utility assistance programs that are sponsored by local utility companies. The companies collect contributions from service customers and remit the funds to the parish councils on the aging throughout the state to provide assistance to the elderly for the payment of utility bills. The contributions can only be used to pay for direct services. However, the Council is able to keep 7% of any CLECO funds for administrative purposes. During the year, the Council provided funds to 52 different people to assist them with paying their utility bills. Generally, a person can receive up to \$200 of assistance three times within a year.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

c. Basis of Presentation of the Basic Financial Statements - (Continued)

Prescription Drug Discount Card Fund

This fund is used to account for the administration of a special \$15,000 grant the Council received in FY 2005 from Ogilvy Public Relations Worldwide, Inc. for the purpose of enrolling senior citizens in a Medicare-approved drug discount card program. At the end of FY 2005, the Council had unspent funds of \$5,056 and continued this program's services into FY 2006. In FY 2006, Capital Area Agency on Aging sent the Council an additional \$5,306, which the Council has used to continue program services under this fund. The Council's staff promotes the program to obtain as many enrollees as possible, assists senior citizens with the application process, and educates them on the benefits of the drug discount card and how to use it. Enrollees are given a \$600 credit to use against drug purchases as an incentive to enroll in the program. Through June 30, 2006, the Council has enrolled approximately 1,263 people.

d. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

• Government-wide Financial Statements - Accrual Basis

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

d. Measurement Focus and Basis of Accounting - (Continued)

• Fund Financial Statements - Modified Accrual Basis

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. A current financial resources measurement focus means that only current assets and current liabilities are generally included on the fund balance sheet. The operating statements of the funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 6 months of the current fiscal year end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred, if measurable, except for the following: (1) unmatured principal and interest on long-term debt, if any, are recorded when due, and (2) claims, judgments, and compensated absences are recorded as expenditures when paid with expendable available financial resources. Depreciation and amortization are costs that are not recognized in the governmental funds.

e. Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

Transfers between funds are netted against one another as part of the reconciliation of the change in fund balances in the fund financial statements to the change in net assets in the government-wide financial statements.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

f. Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions.

For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

g. Receivables

The financial statements for the Council do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

h. Prepaid Expenses/Expenditures

Prepaid expenses include amounts paid in advance for goods and services. Prepaid expenses are shown as either current or other assets on the government-wide Statement of Net Assets, depending on when management expects to realize their benefits.

In the fund financial statements, the Council has elected not to include amounts paid for future goods and services as expenditures until those services are consumed. This method of accounting for prepaid expenditures helps assure the Council's management that costs incurred will be reported in accordance with the Council's cost reimbursement grants. These types of grants do not permit the Council to obtain reimbursement for qualified expenditures until the goods and services relating to them are consumed. As a result, the prepaid expenditures are shown as an asset on the balance sheet of the fund financial statements until they are consumed. In addition, a corresponding amount of the fund balance of the General Fund has been reserved to reflect the amount of fund balance not currently available for expenditure.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

h. Prepaid Expenses/Expenditures - (Continued)

For purposes of presenting prepaid expenses in the Statement of Activities, the Council will follow the same policy it uses to record prepaid expenditures in the fund financial statements with one exception. Disbursements made as "matching" payments to acquire vehicles that will be owned by another government are capitalized and amortized in the government-wide statements as prepaid expenses to better present the economics of this type of transaction and to keep from distorting the Council's transportation activities in the Statement of Activities. In contrast, 100% of the "matching" payments are reported in the fund financial statements as intergovernmental expenditures when the vehicles are received.

i. Capital Assets:

The accounting and reporting treatment used for property, vehicles, and equipment (capital assets) depends on whether the capital assets are reported in the government-wide financial statements or the fund financial statements.

Government-Wide Financial Statements

Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the government-wide statement of Net Assets. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation. Capital assets will also include major repairs to equipment and vehicles that significantly extend the asset's useful life. Routine repairs and maintenance are expensed as incurred.

**Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - (Continued)**

i. Capital Assets: - (Continued)

For capital assets recorded in the government-wide financial statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The Council follows a guideline issued by the State of Louisiana's Office of Statewide Reporting and Accounting to establish the useful lives of the various types of capital assets that are depreciated and the method used to calculate annual depreciation. Using this guideline, the estimated useful lives of the various classes of depreciable capital assets are as follows:

Equipment - other than computers	6 to 10 years
Vehicles	5 years
Computer equipment	5 years
Building and improvements	40 years

When calculating depreciation, the State's guideline assumes that capital assets will not have any salvage value and that a full year's worth of depreciation will be taken in the year the capital assets are placed in service or disposed.

Fund Financial Statements

In the fund financial statements, capital assets used in the Council's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

j. Non-Current (Long-term) Liabilities

The accounting treatment of non-current liabilities depends on whether they are reported in the government-wide or fund financial statements. In the government-wide financial statements, all non-current liabilities that will be repaid from governmental resources are reported as liabilities in the government-wide statements. The Council did not have any non-current liabilities at year-end. In the fund financial statements, non-current liabilities for governmental funds are not reported as liabilities or presented anywhere else in these statements.

k. Unpaid Compensated Absences

The Council's annual leave policy requires employees to consume any annual leave they might earn within the Council's fiscal year. In other words, an employee must "use or lose" any earned leave on or before June 30th of every year. However, sick leave is treated a little differently. An employee can carryover up to 480 hours of unused sick leave each year, however, the Council does not permit an employee to get paid for any unused sick leave upon termination. As a result of these policies, the Council has not accrued a liability for any type of unused leave in the financial statements. The Council's management has established its leave policies in this manner to minimize the Council's exposure to a future liability for which the Council may not have the funds to pay.

l. Deferred Revenue

The Council reports deferred revenues on both the Statement of Net Assets (government-wide) and the Balance Sheet of the fund financial statements. Deferred revenues arise when the Council receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Council has a legal claim to the resources, the liability for deferred revenue is removed from the Statement of Net Assets and the Balance Sheet, whichever the case might be, and the revenue is recognized.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

m. Advances from Funding Agency

Advances from funding agency represent unexpended balances of grants awarded to the Council that are required to be returned to the funding agency at the end of the grant period. Grant funds due back to the funding agency are recorded as a liability when the amount due becomes known, normally when a final accounting is submitted to the funding agency.

n. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the Net Asset amount is classified and displayed in three components:

- Invested in capital assets - This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not report any borrowings that were related to capital assets.
- Restricted net assets - This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets."
- When both restricted and unrestricted resources are available for use, the Council's policy is to use restricted resources first to finance its activities, except as follows:

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

n. Net Assets in the Government-wide Financial Statements - (Continued)

- In cases where the Council holds fundraisers or solicits donations for the specific purpose of generating local public support for a specific program, the Council will use the restricted donations after it has first used up any grant funds and program income. This is the case with the net assets that are restricted for home-delivered meals. That money was raised from a Miles for Meals fundraiser in 2002 and also includes restricted donations from "Lifetime Supporters" who want their donations specifically used for home-delivered meals. The restricted funds will be used to prevent unforeseen cuts in government grants from adversely affecting the home-delivered meals program.

o. Fund Equity - Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund Balance may be further classified as reserved and unreserved, with unreserved further split into designated and undesignated. Reserved means that the Council has "reserved" portions of its fund balance that are not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets which make them only available to meet future obligations.

Designated fund balances result when the Council's management intends to expend certain resources in a designated manner. Designations of fund balances can be changed at the discretion of the Council's Board of Directors. There were no designated fund balances at year-end.

p. Management's Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 1 - PURPOSE OF THE COUNCIL ON AGING AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

q. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct expenses of the Administration function. The net cost of the Administration function is allocated using a formula that is based primarily on the relationship the direct cost a program bears to the direct cost of all programs. There are some programs that cannot absorb any indirect expense allocation according to their grant or contract restrictions.

r. Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Note 2 - Revenue Recognition

Revenues are recorded in the government-wide financial statements when they are earned under the accrual basis of accounting.

Revenues are recorded in the fund financial statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees (charges for services), and interest income are usually both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenues are often difficult to measure; therefore, they are generally recorded as revenue in the period received.

Note 3 - Cash Management, Bank Deposits and Investments

As described in Louisiana law, the Council is classified as a quasi-governmental entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits and investments. However, it is the Council's policy to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance.

The Council maintains a consolidated bank account at Parish National Bank to deposit most of the funds it receives and to pay its bills. The consolidated bank account is available for use by all funds; however, EFSP funds are managed through a separate account at Parish National Bank. The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

Cash is reported at its carrying amount, which equals its fair value. At year-end, the carrying amount of the Council's cash balances on the books was \$92,989, which includes \$50 of petty cash, whereas the bank balances totaled \$97,602. The difference in the book and bank balances relates primarily to deposits made and checks written which had not cleared the bank accounts by year-end. At year-end, all bank balances (\$97,602) were covered 100% by federal depository insurance (Category 1 type credit risk).

For purposes of the Statement of Net Assets, the cash balance of \$92,989 is comprised of restricted cash of \$40,223 and unrestricted cash of \$52,766. The restricted cash amount also equals the sum of the restricted net assets in this statement. The Council has presented restricted cash as a component of current assets in the Statement of Net Assets because it is available for use in current operations.

The Council had no assets that would be classified as an investment at year-end.

Exhibit F
(Continued)

Note 4 - Changes in Capital Assets and Accumulated Depreciation

A summary of changes in capital assets and related accumulated depreciation is as follows:

Capital Assets Being Depreciated	Balance June 30, 2005	Additions	Decreases	Balance June 30, 2006
Vehicles	\$ 56,439	\$ 0	\$ 0	\$ 56,439
Equipment	24,507	2,011	(2,835)	23,683
Buildings & Improvements	113,131	21,652	(13,802)	120,981
Land	9,000	0	0	9,000
Total Capital Assets	203,077	23,663	(16,637)	210,103
Less Accumulated Depreciation:				
Vehicles	40,432	8,003	0	48,435
Equipment	22,463	1,429	(2,835)	21,057
Buildings & Improvements	55,121	3,369	(5,576)	52,914
Land	0	0	0	0
Total Accumulated Depreciation	118,016	12,801	(8,411)	122,406
Capital Assets Net of Depreciation	\$ 85,061	\$ 10,862	\$ (8,226)	\$ 87,697

None of the above amounts includes any donated asset. Also, the Council's management has reviewed the capital assets and does not believe any of them to have been impaired as of year-end.

Depreciation was charged to governmental activities as follows:

Administration	\$ 4,798
Supportive Services:	
Transportation of the Elderly	1,960
Transportation Services:	
Job Access	1,950
General Public	4,093
Total depreciation expense for governmental activities	<u>\$ 12,801</u>

Note 4 - Changes in Capital Assets and Accumulated Depreciation - (Continued)

The \$4,798 of depreciation associated with the administration function relates to capital assets that essentially serve all functions. Accordingly, it is included as a direct expense of the administration function on the Statement of Activities and then allocated to other functions in accordance with the Council's method of allocating indirect expenses. The other depreciation amounts (\$8,003) are charged as direct expenses to their related functions on the Statement of Activities.

Note 5 - Prepaid Expenditures and Expenses

At year-end, prepaid expenditures in the Fund Balance Sheet consisted of the following:

Insurance premiums	\$ 6,896
American Society on Aging Dues	80
Total prepaid expenditures	<u>\$ 6,976</u>

At year-end, prepaid expenses in the Statement of Net Assets consisted of the following:

	Current Portion	Noncurrent Portion
Insurance premiums	\$ 6,896	\$ 0
American Society on Aging Dues	80	0
Vehicle usage	5,384	7,857
Total prepaid expenses	<u>\$ 12,360</u>	<u>\$ 7,857</u>

The current portion of prepaid expenses represents the amounts that management expects the Council to consume and economically benefit from in the next fiscal year. The noncurrent portions represent the amounts that will be amortized in future years based on an agreement that the Council has in effect with the Town of Franklinton for using its vehicles.

Note 5 - Prepaid Expenditures and Expenses - (Continued)

The difference between prepaid expenditures and prepaid expenses arises from transactions wherein the Council on Aging (COA) puts up all the "matching funds" under capital assistance grants the Town of Franklinton (Town) enters into with the Louisiana Department of Transportation and Development (DOTD) to acquire vehicles that the COA will use to provide public transportation to the general public of Washington Parish. The vehicles are titled in the name of the Town but the COA uses the vehicles for its transportation programs and must pay for all the operating costs. The funds the COA expends for the grant match are first recorded as a deposit in its Fund Balance Sheet and Statement of Net Assets when the funds are remitted to DOTD. Upon delivery of the vehicle to the COA, the deposit is reversed as an intergovernmental expenditure in the COA's fund financial statements. However, in the government-wide statements, the deposit is reclassified as a prepaid expense and amortized over the estimated useful life of the vehicle (60 months). The COA's management believes presenting the van match transactions in this manner in the government-wide financial statements will best present the economics of this type of transaction. No written lease exists between the Town and the COA that sets forth the terms of the agreement to use the Town's vehicles. However, this type of cooperative agreement to provide public transportation to the residents of Washington Parish has been used for many years.

Note 6 - Fund Balances - Fund Financial Statements

Usually, the fund balances of the special revenue funds are cleared out at year-end to comply with the administration and accounting policies of the grantor agencies that have awarded the Council certain grants. However, there are exceptions to this policy.

At year-end, a special revenue fund, the Utility Assistance Fund, had a remaining fund balance of \$11,058. The fund balance represents restricted contributions that have not been spent in accordance with the restrictions placed upon them by the utility companies that solicited the contributions from their customers and subsequently passed them on to the Council. The Council's management has elected to separately account for the utility assistance contributions in a special revenue fund to ensure accountability. Utility assistance fund balances are common amongst council on aging entities. Utility assistance is a supportive service rendered under the Council's Title III B program. Rather than commingle the accounting of the receipts and disbursements of the utility assistance within the Title III B fund, GOEA prefers that councils on aging use a separate fund that can facilitate the monitoring of the Title III B activity separately from the utility assistance activities.

Note 6 - Fund Balances - Fund Financial Statements - (Continued)

Also, another special revenue fund, the Prescription Drug Discount Card Fund, had a remaining fund balance of \$6,063. The money remaining in this fund is a combination of \$757 of unspent funds from a grant given to the Council last year by Ogilvy Public Relations Worldwide, Inc. and \$5,306 of funds awarded the Council in FY 2006 by Capital Area Agency on Aging. The Council intends to use the unspent funds to continue its promotion, enrollment, and education activities under this program. Accordingly, the unspent funds will remain in this fund until they are consumed.

The Title III C-1 and C-2 Funds are both special revenue funds that have fund balances of \$2,002 and \$798, respectively. Normally, these funds would have zero fund balances as of year-end, but under the grant agreement the Council's management can elect to carry over into the next fiscal year June client contributions that were collected in these programs. The fund balances represent the June client contributions that management elected to carry over and consume in FY 2007.

The Council's General Fund includes "reserved" amounts for prepaid expenditures and unspent restricted contributions for home-delivered meals and fans.

Note 7 - In-Kind Contributions

The Council received a variety of in-kind contributions during the year, but does not record the fair value of them in its government-wide and fund financial statements, except for the donation of capital assets. In the case of a donation of a capital asset, accounting principles for governmental entities require the fair value of a donated capital asset be recorded in the Statement of Activities at the time of acquisition. However, these same principles do not permit the recording of the fair value of capital assets (or other in-kind contributions) in the fund financial statements because of the measurement focus of such statements.

Note 7 - In-Kind Contributions - (Continued)

The Council received in-kind contributions during the year that consisted of free use of the meal sites at Pine (12 months) and Enon (only 2 months). Management estimates the value of the free use of each of the meal sites at \$250 per month. If these in-kind contributions had been recorded in the Statement of Activities their annual allocation would have been \$3,500 for Nutrition Services - Congregate Meals. The Council also received an in-kind contribution in the form of free rent, utilities and garbage pick up at its Bogalusa Senior Center from the City of Bogalusa. In addition, the City of Bogalusa permits the Council to house its vans on the premises and the City estimates the value of the "garage fee" to be \$350 per month. The Bogalusa Senior Center benefits all programs administered by the Council.

The Council on Aging (COA) also receives in-kind support for its transportation programs. The COA has a fleet of 12 vehicles that it uses to provide public transportation in Washington Parish. Of the 12 vehicles, the Town of Franklinton (Town) owns 9 and the COA owns 3. The nine vehicles owned by the Town were all acquired under capital assistance grants wherein the federal government paid for 80% of the vehicle's cost and the remainder had to be paid for with local "matching" funds. The COA put up all the money for the local match for 8 of the 9 vehicles so that the Town could acquire them. The Town received a rural development grant that it used as the local match for the ninth vehicle. In return for putting up the matching funds, the Town permits the COA to use the vehicles as long as they are operational. Therefore, the COA is receiving an in-kind contribution from the Town for the use of the vehicles owned by the Town. Management has estimated the in-kind use of the Town's vehicles to be \$24,210 for the fiscal year. The estimate was derived by first determining the amount the federal government paid for its share of the "match" for each of the nine vehicles. Then, the amount of federal match for each vehicle was amortized from the date at which the COA began using each vehicle using a 60-month estimated useful life. The amount for the period July 1, 2005 through June 30, 2006 was deemed to be the value of the Town's in-kind contribution for vehicle usage. If the in-kind contribution for the vehicles had been recorded in the Statement of Activities, the allocation amongst the Council's transportation programs would have been \$7,270 for Elderly Transportation, \$12,160 for Local Transportation, and \$4,780 for Job Access Transportation.

Note 8 - Board of Directors' Compensation

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member. However, board members can request reimbursement for out-of-pocket expenses in accordance with the Council's travel policy when traveling on behalf of the Council.

Note 9 - Income Tax Status

The Council, a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, and as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Note 10 - Judgments, Claims, and Similar Contingencies

There is no litigation pending against the Council as of year-end. Furthermore, the Council's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Council's financial statements.

Note 11 - Contingencies - Grant Programs

The Council participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Council has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year-end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Council.

Note 12 - Economic Dependency

The Council receives significant intergovernmental revenue directly from GOEA and indirectly from grants administered by CAAA on behalf of GOEA. The Louisiana Department of Transportation and Development also provides the Council with significant grant funds through the Town of Franklinton. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal or state level or the Council loses or fails to reapply for a grant, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Council will receive in fiscal year 2007 relating to these grants.

Note 13 - Risk Management

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Council's insurance coverage.

The Council's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God.

In August 2005 Washington Parish was struck by Hurricane Katrina. The Council suffered building and contents damages to its main office in Franklinton and building damage to its rental property in Bogalusa. The Council received \$40,339 in insurance proceeds to cover the damages in Franklinton and \$12,661 to cover the Bogalusa damages. The Council was able to fully repair and replace all damaged property at Franklinton for a total cost of about \$25,000. As of year-end the Bogalusa rental property had not been repaired. However, the Council has arranged for the repairs to be made by the students of the Votech School that rents the building from the Council as part of the students' training. As a result, management believes the insurance proceeds will be more than enough to cover the costs to repair the damages to this building.

Note 14 - Deferred Compensation Plan

The Council and its qualified employees participate in the State of Louisiana's Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Great-West Life and Annuity Insurance Company administers the plan. The Plan is available to all Council employees who have worked at least six months. The Plan permits participating employees to defer up to the lesser of (1) 100% of their compensation or (2) \$14,000 (\$18,000 if over 50 years of age) per year. In addition, the Council will "match" one-half of any percentage less than or equal to 6% of a participant's deferral amount. All amounts contributed to the Plan by the employees and the Council are non-forfeitable thereby making them 100% vested by the employees. During the fiscal year, \$7,066 was contributed to the Plan via employee salary deferrals. The Council contributed \$3,533 as its matching share. The Plan does not meet the definition of a fiduciary fund; accordingly, the Council has not reported any amounts in these financial statements. Participation in the deferred compensation plan is at the option of each employee. The Council does not guarantee the benefits of any amounts contributed to the insurance company.

Note 15 - Encumbrance (Purchase Commitment)

There are no encumbrances or purchase commitments outstanding as of year end.

Note 16 - Lease Commitment

On June 5, 2003 the Council entered into a joint endeavor agreement with the City of Bogalusa (the City) wherein the Council will lease from the City a building known as the Bogalusa Senior Center. The initial term of the lease will be for 5 years and will renew automatically for another 5 year term provided the Council is in compliance with the terms of the agreement and the Council has not given notice that it does not want to renew the lease. The annual lease payment is \$1. Terms of the lease require the Council to (1) pay for all the utilities of operating the building, (2) pay for repairs that costs less than \$301, (3) be responsible for daily maintenance and cleaning, and (4) furnish property and liability insurance coverage for the building and the Council's personal property contained therein. Note that beginning in October 2004, the City relieved the Council of paying for the monthly utilities for this location and began paying them on behalf of the Council. Also, beginning July 1, 2005 the City did not require the Council to pay the \$1 annual rent amount. See Note 7 (In-kind Contributions) in this report for additional information about the arrangement the Council has with the City relating to this facility.

Exhibit F
(Continued)

Note 17 - Interfund Receivables and Payables - Fund Financial Statements

Because the Council operates its programs under cost reimbursement type grants, it has to pay for costs using its General Fund money and then request reimbursement for the advanced costs under the grant programs. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

	<u>Receivable From</u>	<u>Payable To</u>
General Fund:		
Major Funds:		
Title III B	\$ 43,719	\$ 0
Title III C-1	7,940	0
Title III C-2	5,635	0
Section 5311	2,461	0
JARC	11,879	0
Nonmajor Funds in the aggregate	129	0
Totals for the General Fund	<u>71,763</u>	<u>0</u>
Special Revenue Funds:		
Major Funds:		
Title III B:		
General Fund	0	43,719
Title III C-1:		
General Fund	0	7,940
Title III C-2:		
General Fund	0	5,635
Section 5311:		
General Fund	0	2,461
JARC Fund:		
General Fund	0	11,879
Nonmajor Funds in the aggregate:		
General Fund	0	129
Totals for Special Revenue Funds	<u>\$ 0</u>	<u>\$ 71,763</u>
Totals for All Funds	<u><u>\$ 71,763</u></u>	<u><u>\$ 71,763</u></u>

Exhibit F
(Continued)

Note 18 - Interfund Transfers

Operating transfers to and from the various funds are as follows for the fiscal year:

	<u>Operating Transfers</u>	
	<u>In From</u>	<u>Out To</u>
General Fund:		
Title III B Fund	\$ 33,544	\$ 21,048
Title III C-1 Fund	16,622	0
Title III C-2 Fund	9,987	0
Section 5311 Fund	72,978	0
JARC Fund	0	7,940
EFSP Fund	0	60
Nonmajor Funds in the aggregate	1,983	13,996
Total General Fund	135,114	43,044
Title III B-Fund:		
General Fund	\$ 21,048	\$ 33,544
Section 5311 Fund	49,196	0
Nonmajor Funds in the aggregate	35,860	0
Total Title III B Fund	106,104	33,544
Title III C-1 Fund:		
General Fund	\$ -	\$ 16,622
Total Title III C-1 Fund	0	16,622
Title III C-2 Fund:		
General Fund	\$ -	\$ 9,987
Total Title III C-1 Fund	0	9,987
Section 5311 Fund:		
General Fund	\$ 0	\$ 72,978
Title III B Fund	0	49,196
Total Section 5311 Fund	0	122,174
JARC Fund:		
General Fund	\$ 7,940	\$ 0
Total JARC Fund	7,940	0
EFSP Fund:		
General Fund	\$ 60	\$ 0
Total EFSP Fund	60	0
Nonmajor Funds in the aggregate:		
General Fund	\$ 13,996	\$ 1,983
Title III B Fund	0	35,860
Nonmajor Funds	107	107
Total for Nonmajor Funds	14,103	37,950
Grand Totals	\$ 263,321	\$ 263,321

Note 18 - Interfund Transfers - (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (b) shift unrestricted revenues collected in the General Fund and certain Special Revenue Funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 19 - Related Party Transactions

There were no related party transactions during the fiscal year.

REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION BY GASB 34

Budgetary Comparison Schedule - General Fund

Washington Council on the Aging, Inc.
Franklinton, Louisiana

For the year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 21,230	\$ 21,230	\$ 21,048	\$ (182)
City of Bogalusa	3,600	600	300	(300)
Washington Parish Council	4,200	4,200	4,200	0
Public Support - restricted	0	32,128	208	(31,920)
Public Support - unrestricted	8,400	16,301	38,486	22,185
Program Service Fees	73,893	57,700	91,988	34,288
Interest Income	500	500	302	(198)
Miscellaneous	16,610	5,988	7,102	1,114
Total Revenues	128,433	138,647	163,634	24,987
EXPENDITURES				
Current:				
Personnel	147,011	137,657	130,642	7,015
Fringe	26,322	24,733	18,620	6,113
Travel	637	128	433	(305)
Operating Services	45,704	37,894	31,915	5,979
Operating Supplies	32,143	33,172	28,434	4,738
Other Costs	7,904	7,726	10,239	(2,513)
Capital Outlay	0	23,721	23,663	58
Intergovernmental	0	0	6,535	(6,535)
Total Expenditures	259,721	265,031	250,481	14,550
Excess of expenditures over revenues	(131,288)	(126,384)	(86,847)	39,537
OTHER FINANCING SOURCES (USES)				
Insurance proceeds from casualty loss	0	36,531	53,000	16,469
Proceeds from sale of vehicles	0	0	7,000	7,000
Transfers in	169,125	157,207	135,114	(22,093)
Transfers out	(33,552)	(35,226)	(43,044)	(7,818)
Total other financing sources and uses	135,573	158,512	152,070	(6,442)
Net increase (decrease) in fund balance	\$ 4,285	\$ 32,128	65,223	\$ 33,095
FUND BALANCE				
Beginning of year			120,582	
End of year		See notes to required supplementary information.	\$ 185,805	

Budgetary Comparison Schedule - Title III B Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 82,953	\$ 82,953	\$ 81,775	\$ (1,178)
CAAA - Special Disaster Funds	0	0	280	280
Public Support	3,413	2,562	1,995	(567)
Program Service Fees	0	0	38,612	38,612
Total Revenues	86,366	85,515	122,662	37,147
EXPENDITURES				
Current:				
Personnel	128,432	118,477	120,920	(2,443)
Fringe	21,721	20,383	18,900	1,483
Travel	3,091	2,644	2,767	(123)
Operating Services	32,763	27,441	29,602	(2,161)
Operating Supplies	21,961	22,684	18,897	3,787
Other Costs	3,755	3,726	4,136	(410)
Capital Outlay	0	0	0	0
Total Expenditures	211,723	195,355	195,222	133
Excess of expenditures over revenues	(125,357)	(109,840)	(72,560)	37,280
OTHER FINANCING SOURCES (USES)				
Transfers in	125,357	109,840	106,104	(3,736)
Transfers out	0	0	(33,544)	(33,544)
Total other financing sources and uses	125,357	109,840	72,560	(37,280)
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-1 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 40,207	\$ 40,207	\$ 40,207	\$ 0
CAAA - Special Disaster Funds	0	0	225	225
Public Support	22,119	18,000	20,228	2,228
Total Revenues	62,326	58,207	60,660	2,453
EXPENDITURES				
Current:				
Personnel	46,828	46,702	31,753	14,949
Fringe	4,981	4,971	3,619	1,352
Travel	1,126	292	436	(144)
Operating Services	5,606	4,926	3,456	1,470
Operating Supplies	2,433	2,054	1,553	501
Other Costs	1,352	1,344	1,219	125
Capital Outlay	0	0	0	0
Total Expenditures	62,326	60,289	42,036	18,253
Excess of expenditures over revenues	0	(2,082)	18,624	20,706
OTHER FINANCING SOURCES (USES)				
Transfers in	0	2,082	0	(2,082)
Transfers out	0	0	(16,622)	(16,622)
Total other financing sources and uses	0	2,082	(16,622)	(18,704)
Net increase (decrease) in fund balance	\$ 0	\$ 0	2,002	\$ 2,002
FUND BALANCE				
Beginning of year			0	
End of year			\$ 2,002	

See notes to required supplementary information

Budgetary Comparison Schedule - Title III C-2 Fund

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Capital Area Agency on Aging - District II, Inc.	\$ 48,307	\$ 48,307	\$ 48,307	\$ 0
Public Support	4,125	3,829	5,937	2,108
Total Revenues	52,432	52,136	54,244	2,108
EXPENDITURES				
Current:				
Personnel	30,486	31,316	27,306	4,010
Fringe	3,305	3,393	4,063	(670)
Travel	740	273	236	37
Operating Services	6,878	7,433	5,706	1,727
Operating Supplies	10,250	8,943	5,763	3,180
Other Costs	773	778	385	393
Meals	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	52,432	52,136	43,459	8,677
Excess of expenditures over revenues	0	0	10,785	10,785
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	0	0	(9,987)	(9,987)
Total other financing sources and uses	0	0	(9,987)	(9,987)
Net increase (decrease) in fund balance	\$ 0	\$ 0	798	\$ 798
FUND BALANCE				
Beginning of year			0	
End of year			\$ 798	

See notes to required supplementary information

Budgetary Comparison Schedule - Section 5311 Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Town of Franklinton	\$ 203,897	\$ 166,767	\$ 122,174	\$ (44,593)
Total Revenues	203,897	166,767	122,174	(44,593)
EXPENDITURES				
Current:				
Personnel	0	0	0	0
Fringe	0	0	0	0
Travel	0	0	0	0
Operating Services	0	0	0	0
Operating Supplies	0	0	0	0
Other Costs	0	0	0	0
Total Expenditures	0	0	0	0
Excess of revenues over expenditures	203,897	166,767	122,174	(44,593)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	0	0
Transfers out	(203,897)	(166,767)	(122,174)	44,593
Total other financing sources and uses	(203,897)	(166,767)	(122,174)	44,593
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - JARC Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
Town of Franklinton	\$ 132,000	\$ 132,000	\$ 115,975	\$ (16,025)
Total Revenues	132,000	132,000	115,975	(16,025)
EXPENDITURES				
Current:				
Personnel	57,791	52,865	84,155	(31,290)
Fringe	11,135	10,300	10,833	(533)
Travel	255	64	232	(168)
Operating Services	14,381	11,721	16,017	(4,296)
Operating Supplies	13,393	9,989	10,281	(292)
Other Costs	1,853	1,789	2,397	(608)
Total Expenditures	98,808	86,728	123,915	(37,187)
Excess of revenues over (under) expenditures	33,192	45,272	(7,940)	(53,212)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	7,940	7,940
Transfers out	(33,192)	(45,272)	0	45,272
Total other financing sources and uses	(33,192)	(45,272)	7,940	53,212
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

Budgetary Comparison Schedule - EFSP Fund

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Modified Accrual Basis</u>	<u>Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental:				
United Way of America	\$ 22,938	\$ 22,950	\$ 18,616	\$ (4,334)
Total Revenues	22,938	22,950	18,616	(4,334)
EXPENDITURES				
Current:				
Operating Services	0	0	62	(62)
Operating Supplies	0	0	443	(443)
Meals	22,000	22,000	17,996	4,004
Utility Assistance	938	950	175	775
Total Expenditures	22,938	22,950	18,676	4,274
Excess of revenues over (under) expenditures	0	0	(60)	(60)
OTHER FINANCING SOURCES (USES)				
Transfers in	0	0	60	60
Transfers out	0	0	0	0
Total other financing sources and uses	0	0	60	60
Net increase (decrease) in fund balance	\$ 0	\$ 0	0	\$ 0
FUND BALANCE				
Beginning of year			0	
End of year			\$ 0	

See notes to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNCIL ON THE AGING, INC. FRANKLINTON, LOUISIANA

FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - BUDGETARY REPORTING

The budget information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "nonmajor" funds has not been included anywhere in these financial statements.

The Council follows these procedures in establishing the budgetary data that has been presented as required supplementary information in these financial statements.

- The Capital Area Agency on Aging - District II Inc., (CAAA) notifies the Council each year as to the funding levels for each program's grant award.
- Revenue projections are also made based on grants from GOEA and other agencies, program service fees, public support (including client contributions), interest income, and other miscellaneous sources.
- Expenditure projections are developed using historical information and changes to the upcoming year that management is aware of at the time of budget preparation.
- Once the information regarding projected revenues and expenditures has been obtained, the Council's executive director and bookkeeper prepare a proposed budget based on the projections. The proposed budget is submitted to the Board of Directors for final approval.
- The Board of Directors reviews and adopts the budget for the next fiscal year at a regularly scheduled board meeting before May 31 of the current fiscal year.
- The adopted budget is forwarded to CAAA for compliance approval for the funds it will pass-through to the Council from GOEA.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Continued)

- Unused budget amounts lapse at the end of each fiscal year (June 30). However, if a grant or contract is not completed by June 30, management will automatically re-budget funds in the next fiscal year to complete the grant or contract. An example where this might occur is when vehicles are acquired under federal matching programs. The "match" might be made in one year and the vehicle delivered in another year.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting for governmental funds, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying required supplementary information include the original adopted budget amounts and all subsequent amendments. During the fiscal year, management amended the budget one time. The Council's Board of Directors approved a budget amendment at a regularly scheduled meeting on January 26, 2006, using a procedure similar to the one used to approve the original budget. The budget amendment was sent to CAAA for compliance approval and was subsequently approved.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain compliance approval from the CAAA and the Governor's Office of Elderly Affairs for funds received under grants and contracts from these agencies. As a part of their compliance, CAAA and GOEA require management to amend the budget in cases where actual expenditures for a particular line item exceed their budgeted amount by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Budgeted expenditures cannot exceed budgeted revenues on an individual fund level, unless a large enough fund balance exists to absorb the budgeted operating deficit.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some activities may not be budgeted, particularly if they are deemed to be immaterial by management.

**SUPPLEMENTARY INFORMATION REQUIRED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006

	Prescription Discount Drug Cards	Title III D	Title III E	Senior Center	Supple. Senior Center	Audit	Utility Assistance	Totals
REVENUES								
Intergovernmental:								
Capital Area Agency on Aging (CAAA)	\$ 5,306	\$ 3,497	\$ 1,200	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,003
Governor's Office of Elderly Affairs	0	0	0	32,142	3,825	0	0	35,967
Public Support (Restricted):								
Various utility companies	0	0	0	0	0	0	10,951	10,951
Total revenues	5,306	3,497	1,200	32,142	3,825	0	10,951	56,921
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Personnel	3,965	1,850	597	0	0	0	0	6,412
Fringe	215	161	51	0	0	0	0	427
Travel	0	4	1	0	0	0	0	5
Operating Services	0	70	23	0	0	0	0	93
Operating Supplies	119	25	8	0	0	0	0	152
Other Costs	0	26	5	0	0	13,996	0	14,027
Utility Assistance	0	0	0	0	0	0	9,224	9,224
Total expenditures	4,299	2,136	685	0	0	13,996	9,224	30,340
Excess of revenues over (under) expenditures	1,007	1,361	515	32,142	3,825	(13,996)	1,727	26,581
OTHER FINANCING SOURCES (USES)								
Operating transfers in	0	99	8	0	0	13,996	0	14,103
Operating transfers out	0	(1,460)	(523)	(32,142)	(3,825)	0	0	(37,950)
Net increase (decrease) in fund balances	1,007	0	0	0	0	0	1,727	2,734
FUND BALANCE (DEFICIT)								
Beginning of year	5,056	0	0	0	0	0	9,331	14,387
End of year	\$ 6,063	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,058	\$ 17,121

**COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS**

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
<u>Capital Assets</u>				
Vehicles	\$ 56,439	\$ 0	\$ 0	\$ 56,439
Equipment	24,507	2,011	(2,835)	23,683
Buildings & improvements	113,131	21,652	(13,802)	120,981
Land	9,000	0	0	9,000
Total capital assets	<u>\$ 203,077</u>	<u>\$ 23,663</u>	<u>\$ (16,637)</u>	<u>\$ 210,103</u>
<u>Investment in Capital Assets</u>				
Property acquired with funds from -				
Title III B	\$ 4,502	\$ 0	\$ 0	\$ 4,502
Title III C-1	5,319	0	(1,080)	4,239
Title III C-2	20,154	0	(720)	19,434
Title III D	98	0	0	98
Senior Center	840	0	0	840
FTA	18,024	0	0	18,024
Local	109,140	23,663	(14,837)	117,966
Acquired before 1985	45,000	0	0	45,000
Total investment in capital assets	<u>\$ 203,077</u>	<u>\$ 23,663</u>	<u>\$ (16,637)</u>	<u>\$ 210,103</u>

NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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MEMBER OF THE
SOCIETY OF LOUISIANA CPAs

MEMBER OF THE
AMERICAN INSTITUTE OF CPAs

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
Washington Council on the Aging, Inc.
Franklinton, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Council on the Aging, Inc., Franklinton, Louisiana, (the Council) as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements and have issued my report thereon dated November 8, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Council's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council's finance committee, board of directors, management, pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana,
November 8, 2006.

Neil Ferrari, CPA

Neil G. Ferrari, CPA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Washington Council on the Aging, Inc.
Franklinton, Louisiana
For the year ended June 30, 2006

I have audited the financial statements of the Washington Council on the Aging, Inc., Franklinton, Louisiana as of and for the year ended June 30, 2006, and have issued my report thereon dated November 8, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2006 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses ☐ Yes ☒ No

Other Conditions ☐ Yes ☒ No

Compliance:

Compliance Material to Financial Statements ☐ Yes ☒ No

b. Federal Awards

Federal award expenditures were less than \$500,000. Accordingly, this section is not applicable.

c. Identification of Major Programs - This section is not applicable.

d. Management Letter

The auditor issued a management letter ☐ Yes ☒ No

Section II - Financial Statement Findings and Questioned Costs

There are no significant findings or questioned costs.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Washington Council on the Aging, Inc.

Franklinton, Louisiana

For the year ended June 30, 2006

Section I – Internal Control and Compliance Deficiencies Material to the Financial Statements

There were no findings reported for this section in last year's audit report.

Section II – Internal Control and Compliance Deficiencies Material to Federal Awards

There were no findings reported for this section in last year's audit report.

Section III – Management Letter

The auditor issued a management letter last year wherein he cited one finding.

Finding # 2005-1 reported that cash fares were not being collected, recorded, and deposited as expected and the process contained weaknesses in its design. As a result of the inadequate design of the process, funds could be misappropriated and not detected timely or at all. Management has corrected the design of this process and tightened controls over cash fares. No instances of missing funds were noted in FY 2006. The auditor has indicated a couple of more areas in the process where improvement can be made to further strengthen the Council's controls. We accept his recommendations and are working to implement them in FY 2007. In summary, management believes this matter has been resolved as expected.

MANAGEMENT'S CORRECTIVE ACTION PLAN

**Washington Council on the Aging, Inc.
Franklinton, Louisiana**

For the year ended June 30, 2006

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana; and
Governor's Office of Elderly Affairs;

Local: Capital Area Agency on Aging - District II, Inc.

Washington Council on the Aging, Inc., Franklinton, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2006.

Name and address of independent public accounting firm: Neil G. Ferrari, CPA, 14481 Old Hammond Highway, Suite 4, Baton Rouge, Louisiana, 70816.

Audit period: For the year ended June 30, 2006.

Section I - Financial Statement Findings

There were no findings reported by the auditor in this section.

Section II - Major Federal Awards Program Findings and Questioned Costs

There were no findings reported by the auditor in this section.

Section III - Management Letter

The auditor did not issue a management letter this year, however, he orally reported to management some minor findings and he offered recommendations to correct them. Management acknowledges the comments made and will strive to implement the auditor's recommendations in FY 2007.

If there are any questions about this plan, please contact Nancy McBeth, Executive Director, at (985) 839-4535.